

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

DAKOTA ACCESS, LLC	)	
	)	
	)	Docket No. 14-0754
APPLICATION PURSUANT TO SECTION 15-401	)	
OF THE COMMON CARRIER	)	
BY PIPELINE LAW AND SECTIONS 8-503	)	
AND 8-509 OF THE PUBLIC UTILITIES ACT	)	
AND FOR A CERTIFICATE IN GOOD STANDING	)	
AND RELATED AUTHORITY TO CONSTRUCT AND	)	
OPERATE A PETROLEUM PIPELINE AS A COMMON	)	
CARRIER PIPELINE AND WHEN	)	
NECESSARY TO TAKE PRIVATE PROPERTY AS	)	
PROVIDED BY THE LAW OF EMINENT DOMAIN	)	

**SUPPLEMENTAL TESTIMONY OF**

**DAMON RAHBAR-DANIELS**

**ON BEHALF OF**

**DAKOTA ACCESS, LLC**

**DAKOTA ACCESS EXHIBIT 3.4**

**MAY 15, 2015**

## **TABLE OF CONTENTS**

I.	WITNESS INTRODUCTION	1
II.	PURPOSE AND COVERAGE OF TESTIMONY	1
III.	DESCRIPTION OF THE OWNERSHIP CHANGES	2

**I. WITNESS INTRODUCTION**

**Q. Please state your name, present position and business address.**

A. My name is Damon Rahbar-Daniels. I am the Vice President – Commercial Operations of Energy Transfer Partners, L.P. (“ETP”). ETP is the majority equity owner of Dakota Access, LLC. My business address is 1300 Main Street, Houston, Texas 77002.

**Q. Have you previously submitted prepared testimony and exhibits in this proceeding?**

A. Yes, I have previously submitted prepared direct testimony, dated January 21, 2015, which is identified as Dakota Access Exhibit 3.0, and accompanying exhibits identified as Dakota Access Exhibits 3.1 through 3.3.

**II. PURPOSE AND COVERAGE OF TESTIMONY**

**Q. What is the purpose of your supplemental testimony?**

A. The purpose of my supplemental testimony is to explain a planned change in the parent ownership of Dakota Access, LLC. Currently, Dakota Access Holdings, LLC (“DA Holdings”), which holds a 75% membership interest in Dakota Access, LLC, is owned 100% by ETP and its wholly-owned subsidiary, La Grange Acquisition, L.P. (“La Grange”). Sunoco Logistics Partners, L.P. (“SXL”) has reached an agreement with ETP to become part owner of DA Holdings. The membership interest of Dakota Access, LLC will continue to be owned 75% by DA Holdings and 25% by Phillips 66. My supplemental testimony explains the change in ownership and the impact that change will have on the Dakota Access Pipeline project. I will also provide information on a previous ownership change that occurred at about the time Dakota Access, LLC filed its application in this case.

23 **Q. In addition to your prepared supplemental testimony, which is identified as Dakota**  
24 **Access Exhibit 3.4, are you sponsoring any other exhibits?**

25 A. Yes, I am also sponsoring exhibits identified as Dakota Access Exhibits 3.5, 3.6 and 3.7.  
26 These exhibits were prepared by me or under my supervision and direction, or I have  
27 direct and firsthand knowledge of their contents.

28 **III. DESCRIPTION OF THE OWNERSHIP CHANGES**

29 **Q. Describe the ownership changes that have occurred for DA Holdings since**  
30 **December 2014.**

31 A. DA Holdings was previously owned 60% by Energy Transfer Equity, L.P. (“ETE”) and  
32 40% by La Grange, a wholly-owned subsidiary of ETP. On December 23, 2014, ETE,  
33 ETE Common Holdings, LLC, a wholly owned subsidiary of ETE, and ETP entered into  
34 an Exchange and Repurchase Agreement. Pursuant to this agreement, on March 9, 2015,  
35 the parties closed the transfer by ETE of its 60% membership interest in each of DA  
36 Holdings and ETCO Holdings LLC to ETP. Following this transaction, La Grange  
37 owned 40% of DA Holdings, and ETP owned 60% of DA Holdings. In other words, ETP  
38 became the owner of 100% of the membership interest in DA Holdings, with 40% of that  
39 membership interest owned by ETP indirectly through its 100% ownership of La Grange  
40 and the remaining 60% of the membership interest held directly by ETP.

41 As announced by SXL and ETP on May 6, 2015, SXL and ETP have reached  
42 agreement on the transfer of a 40% membership interest in a new entity to be named  
43 Bakken Holdings Company LLC (“Bakken Holdco”), which will own 100% of the  
44 membership interest in DA Holdings, from ETP to SXL. In connection with this  
45 transaction, ETP’s direct ownership in DA Holdings will be assigned to La Grange prior

to the transfer of the interest in DA Holdings to Bakken Holdco. As a result of that transaction, SXL will hold an indirect 30% interest in Dakota Access, LLC. ETP's 60% interest in Bakken Holdco will be owned indirectly through La Grange, resulting in the same ownership structure for both DA Holdings and ETCO Holdings, LLC, and, therefore, for both Dakota Access, LLC and Energy Transfer Crude Oil Company, LLC. The transaction results in no change in the direct ownership of DA Holdings' interest in Dakota Access, LLC. Specifically, DA Holdings will continue to hold a 75% membership interest in Dakota Access, LLC. The transaction also has no impact on Phillip 66's membership interest in Dakota Access, LLC.

**Q. Is SXL an affiliate of ETP?**

A. Yes, as described in the Application and in the Direct Testimony of Joey Mahmoud (Dakota Access Exhibit 1.0), ETP owns the general partner of, and certain partnership interests in, SXL.

**Q. What is shown on Dakota Access Exhibit 3.5?**

A. Dakota Access Exhibit 3.5 provides organization charts that show the current ownership structure of Dakota Access, LLC and the ownership structure after the SXL transaction.

**Q. Describe SXL, including its operations and financial resources.**

A. SXL is a NYSE-listed publicly traded partnership that owns, operates, and maintains a diverse mix of crude oil and refined products pipelines, terminalling and storage facilities, and crude oil acquisition and marketing assets in more than 30 states throughout the United States. SXL's crude oil pipelines extend over 5,400 miles throughout the United States. SXL also owns, operates, and maintains 39 active refined products terminals with an aggregate storage capacity of 8 million barrels, and two crude

oil storage facilities, with an aggregate capacity for approximately 27 million barrels of crude oil storage, and related terminalling facilities. Additionally, SXL owns a 2 million barrel refined product terminal, and one inland and two marine crude oil terminals with a combined storage capacity of 3 million barrels and related refined products pipelines, in the Philadelphia, Pennsylvania, area. In total, SXL's refined products segment consists of approximately 2,500 miles of refined products pipelines. Three of SXL's refined products pipelines operated as joint-venture facilities have facility operations in Illinois: West Shore Pipe Line Company, Wolverine Pipe Line Company, and Explorer Pipeline Company.

**Q. What are Dakota Access Exhibits 3.6 and 3.7?**

A. Dakota Access Exhibits 3.6 and 3.7 are copies of SXL's most recent 10-Q and 10-K reports, respectively, as filed with the U.S. Securities and Exchange Commission.

**Q. Will this planned change in ownership structure adversely affect Dakota Access, LLC's ability to finance the construction of the pipeline project?**

A. No. Financing of the construction of the Dakota Access Pipeline will continue to be supported by the significant overall financial resources of ETP and Phillips 66 for 75% and 25%, respectively, of the ownership interests in Dakota Access, LLC, which I described in Section VI of my Direct Testimony, Dakota Access Exhibit 3.0. ETP will continue to maintain its existing guaranty, without modification, in full support of DA Holdings' obligations under the limited liability company agreement of Dakota Access, LLC, notwithstanding ETP's transfer of a 40% interest in Bakken Holdco to SXL. Thus, the transfer has no impact on the financial support that has been, and will continue to be, in place for the Dakota Access Pipeline.

**Q. Understanding that ETP will continue to maintain its guaranty, without modification, in full support of DA Holdings' obligations under the Dakota Access, LLC limited liability company agreement, what is SXL's current credit rating?**

A. SXL is rated as investment grade by Standard & Poor's Financial Services, LLC, Moody's Investor Service, Inc., and Fitch Ratings, Inc. Specifically, SXL is rated "BBB" by Standard & Poor's Financial Services, LLC, "Baa3" by Moody's Investor Service, Inc., and "BBB" by Fitch Ratings, Inc.

**Q. Just to be clear, will the formation of Bakken Holdco and the change in ownership structure of DA Holdings have any effect on ETP's parental guaranty to support 75% of Dakota Access, LLC's capital funding requirements of the Dakota Access Pipeline project, which you described in your Direct Testimony?**

A. No, it will not. ETP will continue to guarantee the capital funding obligations of DA Holdings for all 75% of Dakota Access, LLC's capital funding requirements of the Dakota Access Pipeline project.

**Q. Will this change in ownership structure affect Dakota Access, LLC's ability to safely and reliability operate the Dakota Access Pipeline?**

A. No, it will not. As I described above, SXL currently owns and operates an extensive pipeline network. It has been planned and is anticipated that personnel and resources of SXL will be used to operate the Dakota Access Pipeline. I note that Mr. Stamm, who provided direct testimony on how the Dakota Access Pipeline will be operated and maintained (Dakota Access Exhibit 4.0), is the Vice President – Pipeline Operations of SXL and is responsible for the leadership and direction of all crude oil pipeline operations within SXL.

115    **Q.**     Does this conclude your supplemental testimony?

116    **A.**     Yes.